

# CRITERIA AND STANDARDS for REVIEWING COUNTY OFFICE OF EDUCATION BUDGETS

## CRITERIA

## STANDARDS

### FIRST TIER REVIEW

(any deviation triggers a second tier review – the 2<sup>nd</sup> Tier is in addition to all items in the 1<sup>st</sup> Tier)

Average Daily Attendance

ADA has not been overestimated in the 1<sup>st</sup> prior year or in 2 or more of the previous 3 years by more than the following variance levels:

1.035	for class size 8 counties
1.030	for class size 7 counties
1.025	for class size 4, 5 & 6 counties
1.020	for class size 1, 2 & 3 counties

Revenue Limit

Budgeted revenue limit has not increased or decreased by more than the change in base revenue limit plus the change in population from the prior year.

Salaries and Benefits

Salaries and benefits have not increased by more than the county's change in base revenue limit per ADA, plus the change in revenue limit plus population from the prior year.

If salary and benefit negotiations are not finalized, upon settlement with certificated or classified staff:

- the county office must determine the cost of the settlement, including salaries, benefits, and any other agreements that change costs, and provide the California Department of Education with an analysis of the cost of the settlement and its impact on the operating budget. The county board of education must certify to the validity of the analysis.
- the California Department of Education shall review the analysis relative to the criteria and standards, and provide written comments to the president of the county board, and the county superintendent.

Deficit Spending

Deficit spending (Revenues plus Other Financing Sources less Expenditures less Other Financing Uses) has not exceeded the following variance levels in either the 1<sup>st</sup> and 2<sup>nd</sup> prior years or the 1<sup>st</sup> and 3<sup>rd</sup> prior years:

.0165	for class size 8 counties
.0132	for class size 7 counties
.0099	for class size 4, 5 & 6 counties
.0066	for class size 1, 2 & 3 counties

## **CRITERIA**

## **STANDARDS**

### **FIRST TIER REVIEW (continued)**

**(any deviation triggers a second tier review – the 2<sup>nd</sup> Tier is in addition to all items in the 1<sup>st</sup> Tier)**

Fund Balance

The fund balance does not show a continuing decline over the 3 prior years.

Reserves

Available reserves are not less than the following percentages as applied to total expenditures, transfers out and uses:

the greater of 5% or \$50,000	for class size 8 counties
the greater of 4% or \$50,000	for class size 7 counties
3%	for class size 4, 5 & 6 counties
2%	for class size 1, 2 & 3 counties

Supplemental Information

Provide supplemental information as follows:

- Fund balance is not less than the sum of its components.
- If more than 1% of on-going County School Service Fund operating expenditures are funded with one-time resources in the budget year, explain how the one-time resources will be replaced to continue funding the ongoing expenditures in the following years.
- Identify all significant multiyear commitments for the next 3 years and identify the resources used to service those commitments.
- Analyze the status of employee salary and benefit negotiations.
- Analyze the change in Special Education funding. Provide an explanation if revenues have changed by more than five percent from the prior year.
- Analyze contributions to restricted programs. Provide an explanation if contributions have increased by more than 10% from the prior year.
- Identify the liability for health and welfare benefits for retired employees based on the required actuarial study, and how the costs are accounted for.
- Identify all temporary borrowings between funds. (Refer to *Education Code* Section 42603.)
- Identify the status of all capital projects that may impact the County School Service Fund operational budget.

**CRITERIA****STANDARDS****SECOND TIER REVIEW****NOTE: In addition to the items in the 1<sup>st</sup> Tier, the 2<sup>nd</sup> Tier includes:**

Other Revenue

Federal revenues, other State revenues, and local revenues have not increased or decreased by more than 10% from the prior year revenues.

Other Operating Expenses

Expenditures for books and supplies, and services and other operating expenditures have not increased or decreased by more than 10% or the change in base revenue limit plus population (whichever is greater) from the prior year.

Capital outlay and other outgo have not increased or decreased by more than 40% from the prior year.

Other Sources and Uses

Sources and Uses have not increased or decreased by more than 40% from the prior year.

Supplemental Information

Analyze the County School Service Fund for changes in the budget and three prior fiscal years in ADA; Operating Revenue and Expenditures; Surplus/(Deficit); Ending Fund Balance; and Reserve.

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Note: Explanations should be concise and to the point to ensure that they are as useful and unobtrusive as possible.